



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
HEADQUARTERS UNITED STATES ARMY FORCES COMMAND
1777 HARDEE AVENUE SW
FORT MCPHERSON GEORGIA 30330-1062

AFLG-PROA

5 Mar 97

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Contracting Information Letter (CIL) 97-22,
Establishing Blanket Purchase Agreements under General Services
Administration Multiple Award Schedule (GSA MAS) Contracts

1. This office recently conducted a field survey to determine data for the following questions:

a. Are you aware of the GSA MAS schedules in the Advantage Program?

b. Are purchases from these databases being made using the International Merchant Purchase Authorization (IMPAC) Card?

c. Are you aware that you are permitted to establish Basic Ordering Agreements (BPAs) under these contracts?

d. Do you have locally established BPAs for making purchases using the MAS contracts?

2. Responses received from 10 FORSCOM installations indicated:

a. 90 percent are aware of the GSA MAS contracts;

b. 40 percent are currently making purchases from the GSA MAS contracts using the IMPAC Card;

c. 70 percent are aware they are permitted to establish BPAs under the GSA MAS contracts; but

d. None of the installations that responded have established BPAs under the GSA MAS contracts.

3. Some of the benefits for establishing local BPAs under these GSA MAS contracts include:

a. **Economies of Scale.** Considering the potential volume of business that may be generated through such an agreement, contractors may be willing to offer the best quantity/volume discounts available under their contracts, regardless of the size of the individual order.

b. **Volume Discounts.** Agencies may be able to secure discounts higher than that available in the GSA MAS contract based on the aggregate volume of business projected under the BPA.

c. **Progressive Discounting.** Some contractors are willing to offer progressive discounting where the discount would increase once the sales accumulated under the BPA reach certain prescribed levels.

4. All BPAs must contain certain basic information covered in FAR Part 6. All other terms and conditions are contained in the GSA MAS contract.

5. There are several benefits derived from setting up BPAs with a GSA MAS contractor:

a. Fulfillment of recurring needs while taking advantage of quantity discounts, savings in administrative time and reduced paperwork;

b. Unlimited purchases due to the elimination of the maximum order limitation when placing an order under a BPA; and

c. Each BPA encourages negotiating for further price reductions.

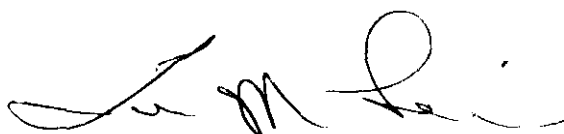
6. Our first endorsement to Acquisition Letter 96-3, titled Purchases of Commercial Items Valued Between \$2,500 and \$25,000 Using the IMPAC Purchase Card, dated 28 Aug 96, provided information and a sample format for a one-page BPA.

7. We recognize that the GSA MAS Advantage is not the only program out there that offers purchases on-line using the IMPAC Card. The Navy has a successful program in which they established BPAs under the GSA MAS contracts for information technology purchases. They were able to negotiate economies of scale and delivery periods that resulted in extremely huge savings. Their program is called Tactical Advanced Computer Project and can be found on the internet at <http://tac.nosc.mil/>.

By establishing BPAs with some of the contractors on the GSA MAS contracts, the Navy negotiated some very favorable delivery schedules. Their processing fee is also favorable but you must compare all processing fees to determine which is most favorable to the instant requirement.

8. You are encouraged to assess the probable savings and advantages that are afforded by the establishment of GSA MAS BPAs. The economies of scale that were possibly lost with the advent of the IMPAC purchase card may be recaptured through these already established GSA MAS contracts using BPAs.

9. For additional information, please contact Irene Hamm, DSN: 367-5632 or e-mail hammi@ftmcpshn-emhl.army.mil.



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